Acquisition

reform
week III

Acquisition Strategies
for
commercial items

Facilitator Guide

Acquisition Reform Week III
Acquisition Strategies for Commercial Items

Scope of Seminar

A basic tenet of acquisition reform is the strong preference to meet agency needs with commercial items whenever possible. This seminar addresses developing and documenting streamlined acquisition strategies for buying commercial items. Participants are introduced to the essential elements needed for a sound acquisition strategy, and the tailoring required in the acquisition of commercial items. A template is used to lead integrated product teams through discussions of required commercial item acquisition strategy elements. *

Instructions to Facilitators

Each Acquisition Reform Week III seminar takes approximately one and one-half hours to complete. To maximize the potential for participants to gain an overall understanding of the subject, we suggest you hand out presentation materials 2-to-24 hours in advance. If participants read the information before the seminar, the facilitator can conduct a brief recap and then devote a significant portion of the time to practical experience such as exercises, e.g. working through the scenario which demonstrates the principles outlined in the presentation.

As Facilitator you will need a copy of the full package which is detailed below. Participants should receive item #2 in advance, if possible: item #3 should be handed out in the seminar. Items #1 and #4 are for the exclusive use of the Facilitator.

Included in this file are the following:

TIP: Print pages in the order noted so you will have one complete package. Then, duplicate individual sections as needed depending on number of participants. This will ensure materials are in correct order and will reduce the risk of the file being too large for computer or printer equipment to handle with ease.

Main Teaching Points

These are the four main teaching points in this seminar. Before proceeding to the practice session, make sure participants understand the following:

1. The role of the acquisition strategy.

2. The five key acquisition documents required for programs.

3. The purpose and use of the acquisition strategy template.

4. The key test requirement for commercial items—only test the differences.

* This seminar was tailored from materials used in the 3-day Acquisition Document Streamlining Workshop, developed and presented by the BRTRC Institute for HQ Army Materiel Command. For more information please contact (703) 205-1593, or visit our website at: http://institute.brtrc.com.

Overview and Presentation for Participants

Acquisition Reform Week III
Acquisition Strategies for Commercial Items

Overview

Welcome to the Acquisition Reform Week III seminar, Acquisition Strategies for Commercial Items. This session is designed to help participants do the following:

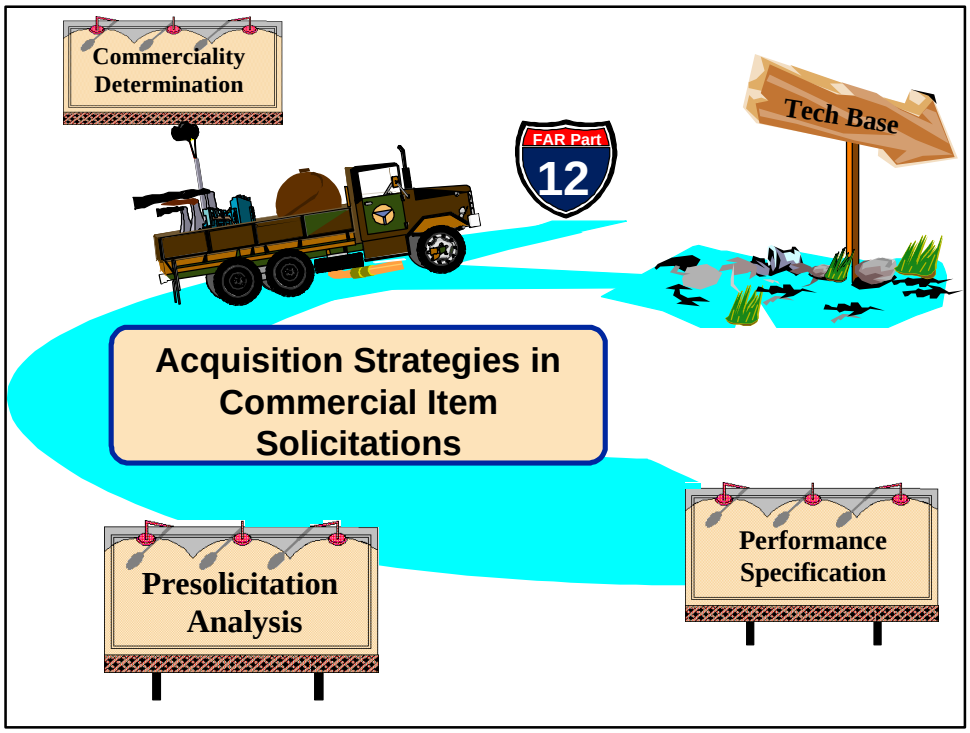
1. Understand the role of the acquisition strategy.
2. Be able to list the five key acquisition documents required for programs.
3. Be familiar with the purpose and use of the acquisition strategy template.
4. Understand the key test requirement for commercial items—only test the differences.

Exercise Objective

The exercise session enables participants to apply basic concepts to develop a streamlined acquisition strategy. Participants will learn to use a template provided as a tool to draft a concise, complete, acquisition strategy. A solution consisting of completed templates and a sample acquisition strategy offers prompt feedback and helps reiterate the main ideas presented during the seminar.

Instructions to Participants

Please review the presentation. Be prepared to ask questions and/or participate in a brief recap. This will be followed by a scenario which will test your understanding of the principles captured in the presentation material and give you hands-on experience in dealing with applying best acquisition strategies techniques.



This seminar lays out a process for an IPT to consider and build a streamlined set of program documents. Of course, to do this, much work has to be done up front. Assume that we've completed a system performance spec, presolicitation analysis, and determined that our requirement can be met by an item that meets the very broad FAR Part 2 definition of "commercial item".

This mandates that we move ahead to use FAR Part 12 to buy our item. Some performance tradeoffs may have been made to meet schedule or cost; these requirements may return to the tech base and may be incorporated in future product modifications.

The goal for this block is to put together the most streamlined set of program documents possible.

The 5 Key Acquisition Documents

- ✓ Performance Specification
- ➢ Acquisition Strategy
- ➢ Acquisition Program Baseline
- ➢ Abbreviated Test and Evaluation Master Plan
- ➢ Solicitation

Functional Plans

Important *but*.....

- Not required for decisions
- Must conform to these 'Big 5'

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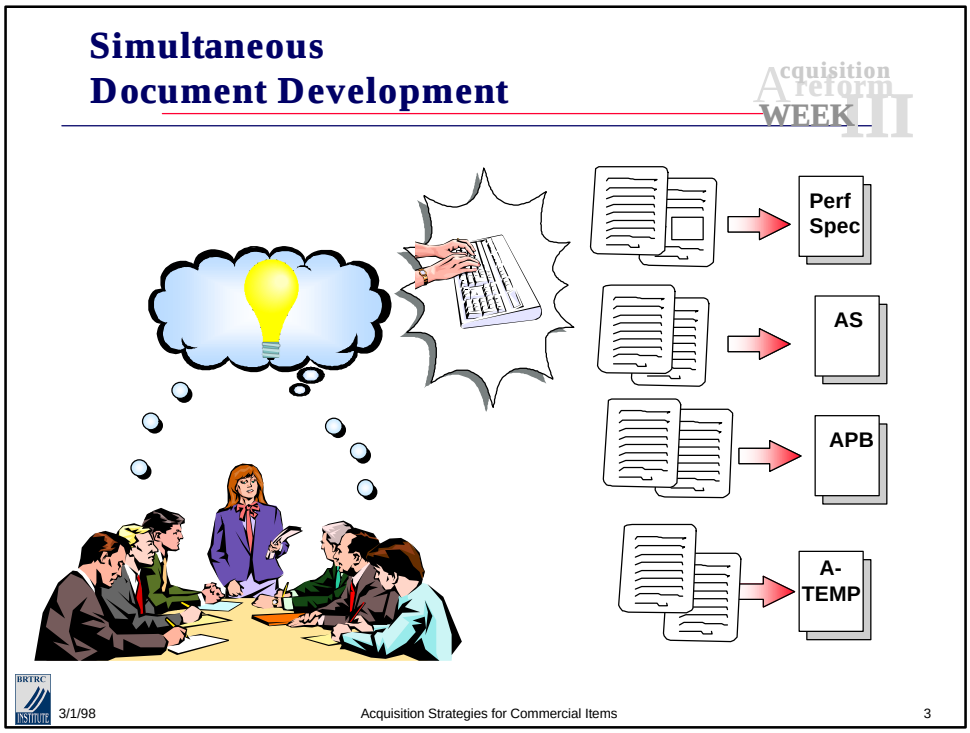
There are five key program documents that are required by the DoD 5000 series--and only five. Here they are. We've assumed that the performance spec has been completed, and the solicitation is beyond the scope of this seminar. We'll discuss the other three.

After the commerciality determination is made, we must develop and document our acquisition strategy. We'll see that a commercial item acquisition strategy allows us to do substantial streamlining in documentation.

Other documents we'll mention briefly are the Acquisition Program Baseline (APB), and a document called an **Abbreviated** Test and Evaluation Master Plan (**TEMP**) which may be more suitable for non-major programs than the traditional TEMP format required by the 5000-series for major programs. Developing these documents is an ongoing and iterative process, because each document affects the others.

We won't look at any detailed functional plans. They are not required for *any* milestone decision. They are simply for the benefit of the particular functional discipline and must conform with the primary five program documents we show here.

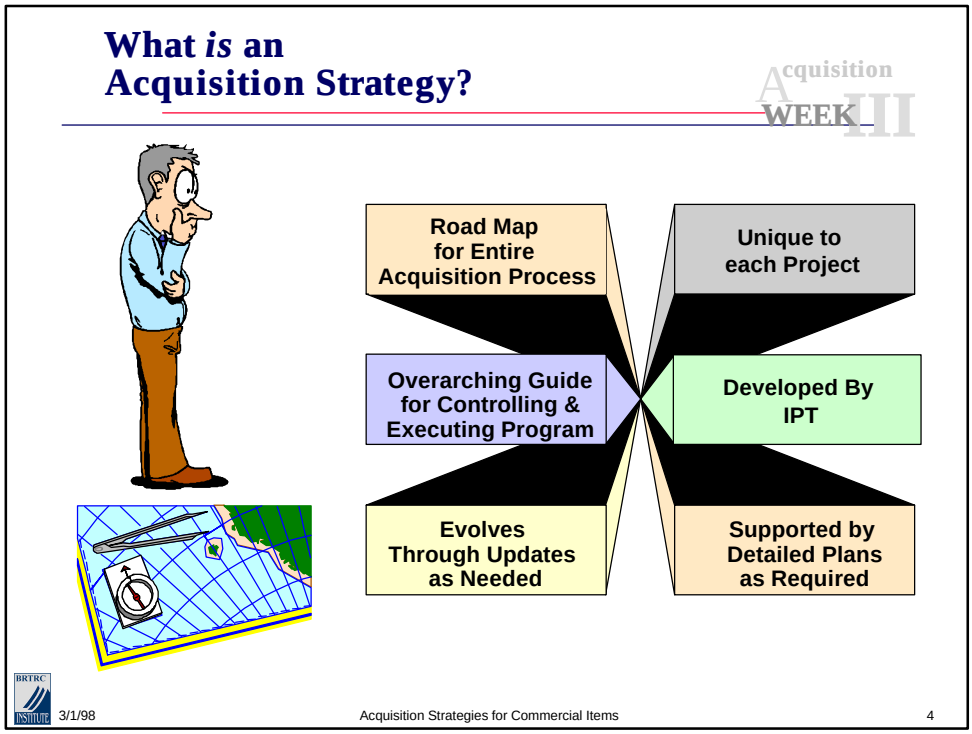


This chart is a reminder that planning and document development happens simultaneously, with feedback and adjustments made to each document as more

decisions are done by the integrated product team.

Because of the difficulty in recreating the real-life scenario in a class environment, we'll

the next document to be addressed is the acquisition strategy and its development.



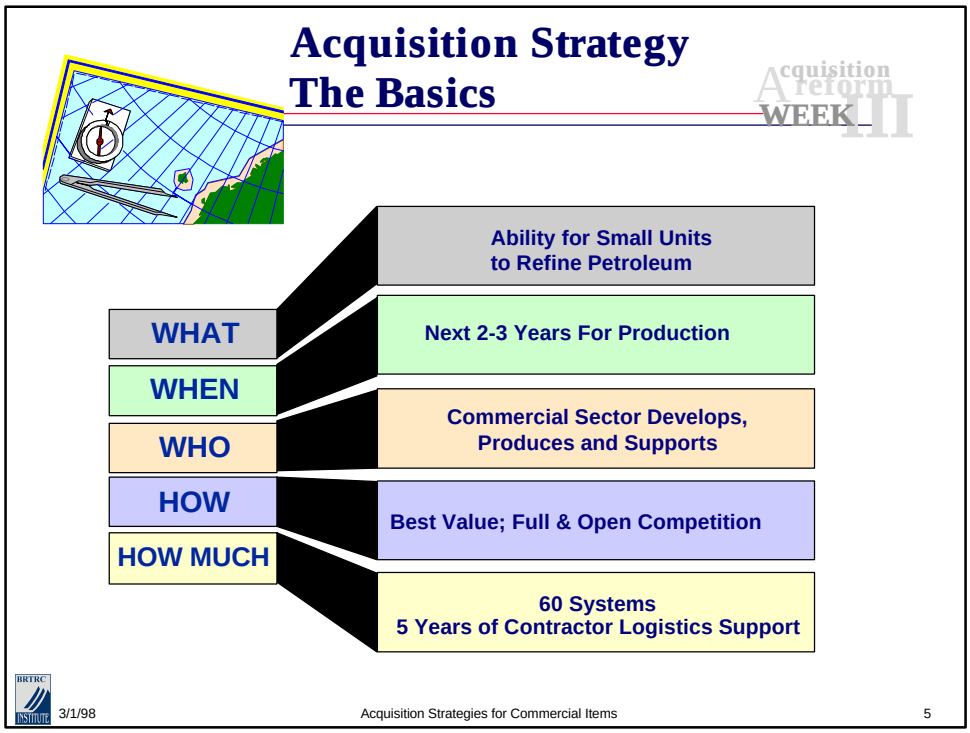
The acquisition strategy is the Road Map for the entire project. Its primary purpose is to outline the program's business plan so that all members of the team, no matter where they are, understand exactly where the project is headed and what the objectives are.

It is the unique road map that spells out how the project will be executed and controlled. It must be tailored around the team and market situation at the time it is written.

Developing the acquisition strategy is the responsibility of the official who leads the effort. Depending on the magnitude of the project, this may or may not be the appointed Program Manager.

The acquisition strategy will last from concept development through production, fielding and product improvement. It will need updating from time to time.

When individual parts are to be contracted, more detail is put in the acquisition plan, but the approach is still determined by the acquisition strategy.



These issues are the five key questions that an acquisition strategy must answer. The goal is to reestablish the Acquisition Strategy (AS) as a dominant part of program planning.

Along with the issues, we've shown an example bullet of the kind of information that is answered by the acquisition strategy.

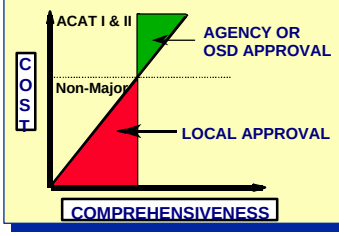
All concerned must know the concept for building the program. Functional area managers must know the kind of support needed, and give prospective contractors an idea of what to expect.

An aggressive acquisition strategy makes efficient use of the commercial industry sector. It allows DoD to tap into the commercial state of the art and put the product in the soldiers' hands years sooner than a new development.

Acquisition Strategy
Capturing it on Paper

- **Concise enough to read in its entirety**
- **Detailed enough to understand the program's direction**

The Acquisition Strategy
Based on Project Complexity



- **Program Summary**
  - What
- **Program Structure**
  - Who
  - When
  - How (Management Approach)
- **Contracting Strategy**
  - How
  - How Much
- **Issues**

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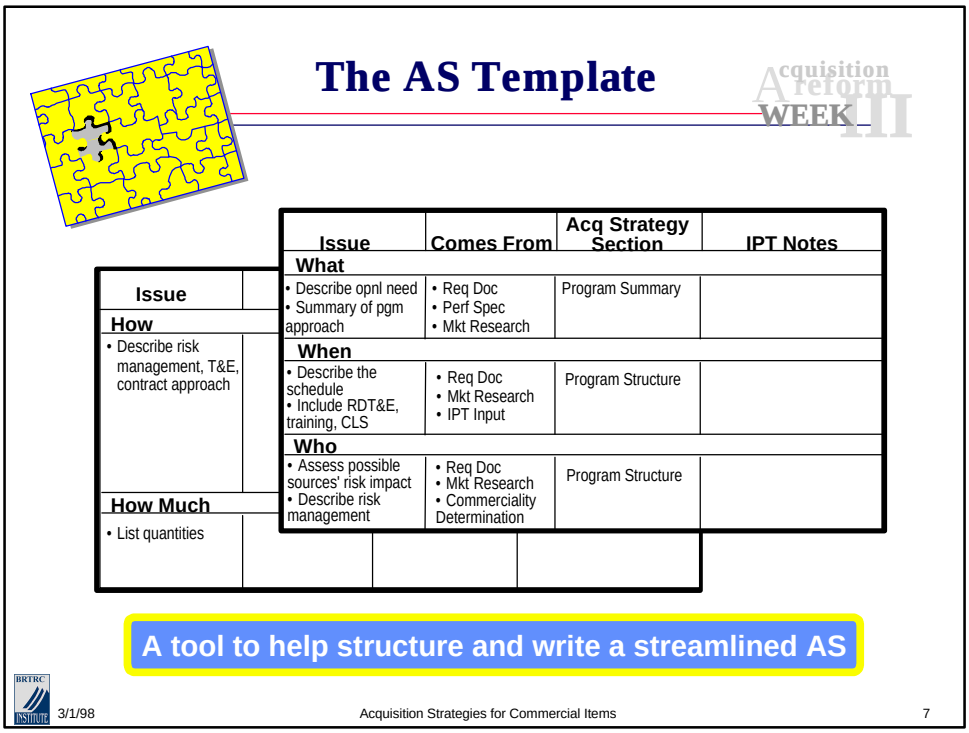
We've followed the acquisition reform principles, used our IPT and laid out a reasonable acquisition strategy for our program. Now we must capture it on paper.

We said that the AS is a road map for the program, so make it usable. Everyone involved with the program should be able to read and understand it and pull worthwhile information.

The AS should be as simple or complex as needed. A non-major program has local approval. The approving authority can reduce documentation requirements, so only produce what is needed to make a valid decision. More paper does not mean better strategy!

The chart suggests major section headings, and where to fit the five basic elements. There is no required format for the acquisition strategy--this is merely a suggestion. During our exercise, you will see a template that can help with this structure. Let's look at some examples.



We've developed a set of templates to help IPTs consider and put together the **essentials** for an acquisition strategy. The template does not tell you how to structure your program, but is intended to trigger discussions about the essential elements of the AS. We'll use them in class and as part of the exercise.

The AS should answer these five basic questions. The templates help ensure these basics are addressed, and suggest a concise format which allows most smaller program's strategies to be covered completely in two or three pages. That's the purpose of the AS--it is the document that focuses everyone working on the program in the right direction.

We'll cover the considerations from the template in the next few slides and relate them to buying a commercial item.

AS Program Structure & Schedule

- **Include any decisions, production, fielding, support, and item demilitarization / retirement**
- **Trade off performance, if possible, to use commercially available products**
- **Return unfilled requirements to tech base**

Fiscal Year					
Milestones					
Solicitation Release					
Contract Award/Events					
Deliveries					
Developmental T&E					
Operational T&E					

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Program Structure captures the "When, Who and How ".

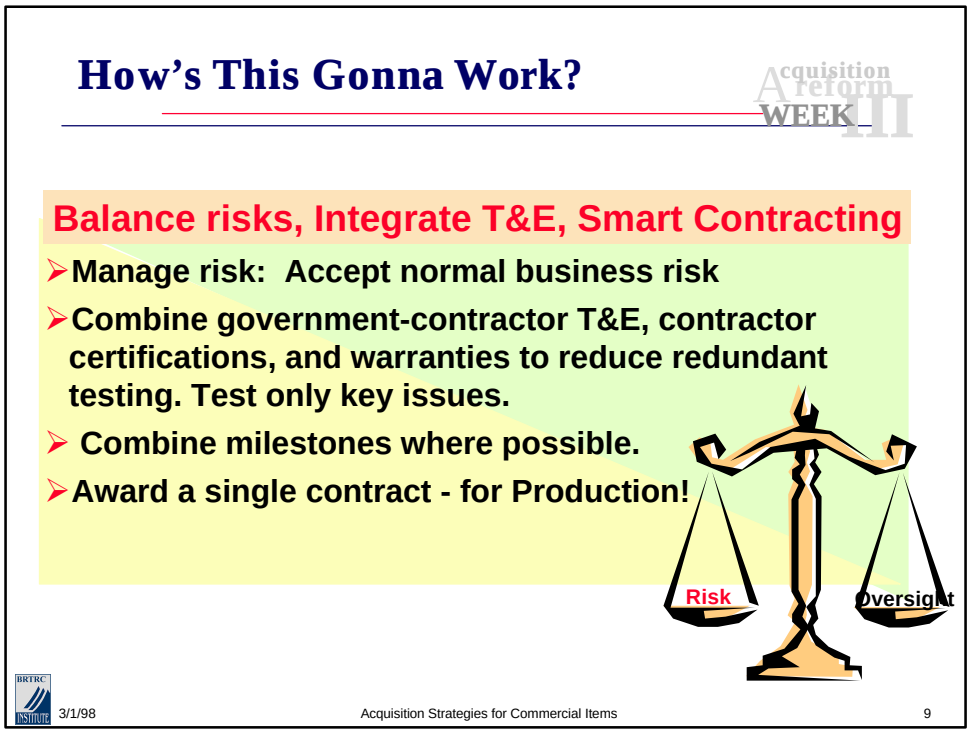
Your AS should cover the "when" in two ways:

- By listing or writing key events in prose, covered under the major heading of **Program Structure.**

- By presenting information graphically, with as much detail as necessary. A chart is worth a megabyte of text.

- Cover all key decision points. Combine and eliminate any milestone reviews that aren't needed. In the case of commercial items, consider combining Milestones I, II, and III. Include any Contractor Logistics Support (CLS) or Interim Contractor Support (ICS) which is anticipated. The idea of the AS is to give all the functional disciplines--and the decision authority-- the information needed to support the program and make sound decisions.

- As you've seen, performance trade-offs may be required to meet schedule and/or cost constraints and to keep the program headed toward a "Go" decision. You can and should split off unfulfillable requirements to the tech base for further development.

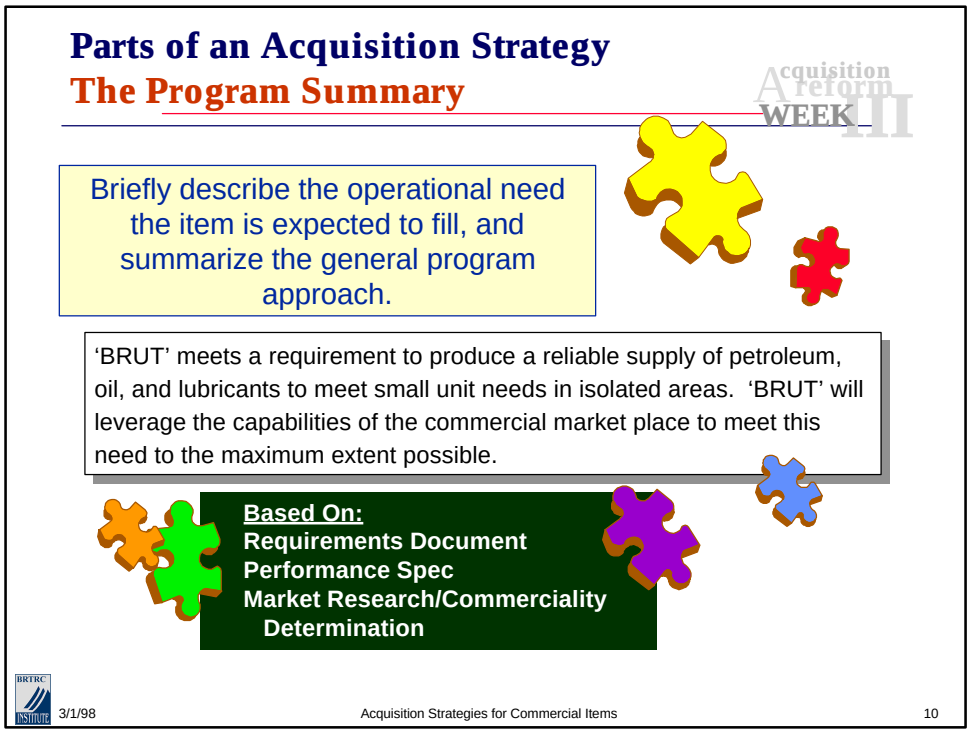


'How?' is the next question to address.

- A major shift in emphasis under acquisition reform is to manage risk, not try to eliminate it. We must be willing to accept normal business risk--defined as low risk, because we can no longer afford to try eliminating it. We will buy BRUT (a fictional non-major program used in the exercise that follows the lecture) under a commercial contract accepting minor modifications and evolving technology. DoD won't be able to test these modifications until First Article Test (FAT).

- Buying a commercial item such as BRUT means we're buying an item that exists in the marketplace today. Test as unobtrusively and cost-effectively as possible. Combine Development Test (DT) and Operational Test (OT); leverage contractor testing; rely on contractor certifications and warranties. We must test only those critical issues that define success.

- The streamlined approach to commercial buys is to combine milestones. Push hard to combine Milestones I/III and award one contract - for Production!



For a non-major program, the summary can be one or two short paragraphs describing the 'what' we want to fill, and generally how we intend to accomplish the acquisition.

Here's a start [refer to chart]. This information might have been found in the system's performance specification.

The information in the summary comes from several sources, primarily the requirement document, the performance spec, and the market research information.

The Program Summary (continued)

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Describe the operational need the item will fill

- **Summarize the program approach: commercial, NDI, or new development**
- **Note the statutory preference for maximum use of commercial products**
- **Key performance requirements in the spec, along with methods to determine compliance**

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The **Program Summary** is the section of the AS which describes *clearly* what we want to do or buy. We've all seen many AS written so bureaucratically that it's difficult to understand what is wanted. Instead, we should strive to do this in a well-written sentence or two!

Summarize the program approach in a few words. e.g.: *BRUT is intended to meet military fuel and lubrication requirements by recycling used or unrefined petroleum for small units and detachments engaged in operations other than war or low intensity conflict, in areas remote from normal support. Several manufacturers produce small commercial recyclers that, with modification, may meet user needs.*

The principles of acquisition reform reflect the FASA statutory preference for using commercial products and processes.

- The spec should include all **key performance requirements**. Because the spec will become part of the contract, we can hold the contractor responsible to meet the spec. If it is complete, there is no need to repeat performance requirements elsewhere in the program documentation.

Program Structure

- Assess market impacts on program risk
- Tailor risk management to match likely sources
- Encourage interest from best available sources
- Pick source selection factors that truly discriminate among offerors
- Past performance, IPTs, teaming are key risk reduction measures

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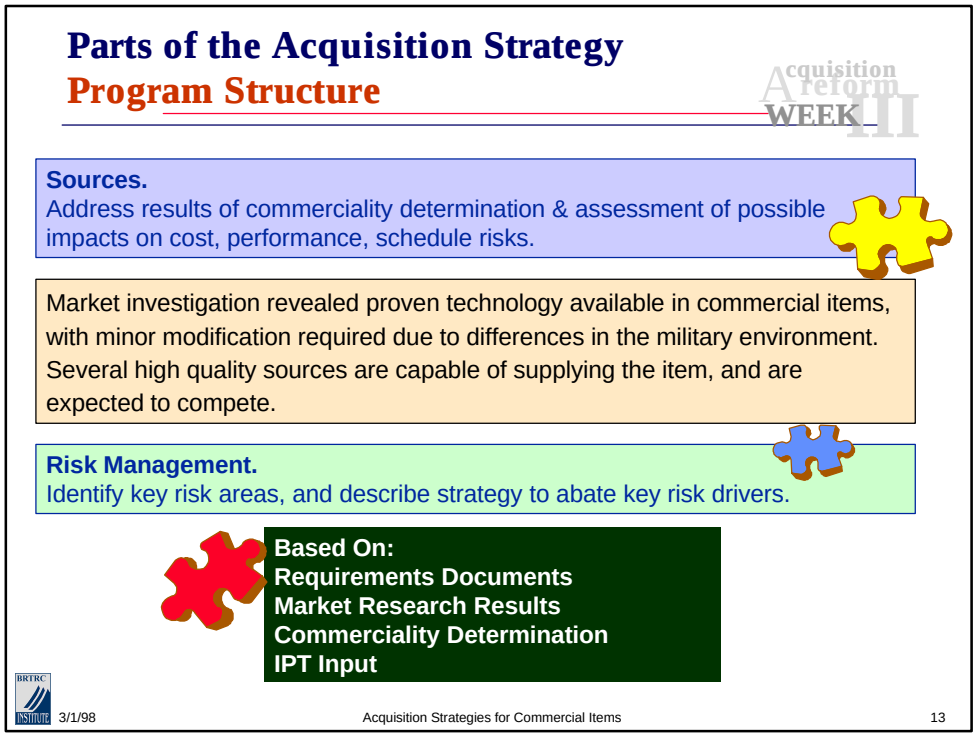
Who's Who? We need to carefully consider this question, because the answer affects the entire acquisition and risk reduction methods we use.

The BRUT market research indicates several possible sources of supply with experience producing the item needed, and good past performance records. Therefore, government oversight and risk management can be greatly reduced.

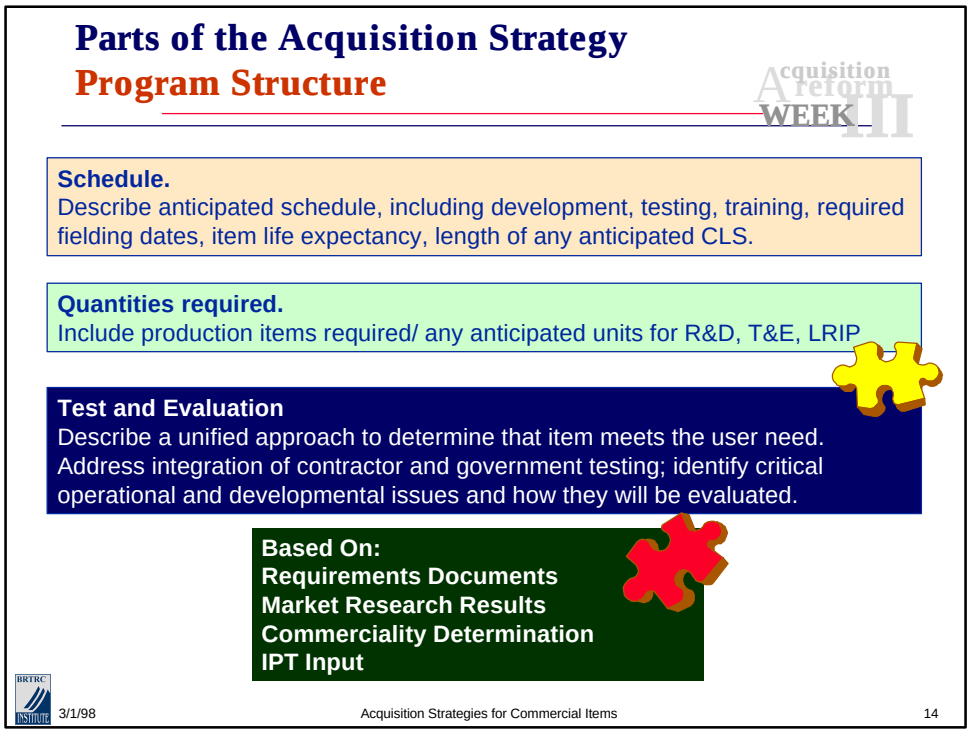
Knowledge of likely suppliers is essential to tailoring risk management approaches properly. Use i-MART at www.imart.org.

- In some cases, quality suppliers are not interested in Gov't solicitations. IPTs should assess methods to encourage interest from quality suppliers [i.e.. **Commercial Contracts**].

- Based on market knowledge, develop a minimal number of source selection factors that truly discriminate among offerors; the fewer the factors, the better.



Under the general heading of 'program structure,' the AS covers lots of ground. Discuss potential sources, and the IPT assessment of how those sources may affect risk. Identify key risk areas and address risk management. The information is based again upon the requirement, in- depth knowledge of the marketplace gained during market investigation, the commerciality determination...all sorted through the IPT collective reasoning process.



The program structure section covers schedule, quantities, and the T&E approach that the program will use.

Program Structure

Example:

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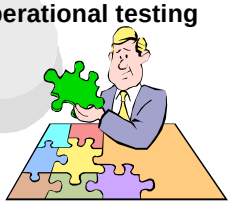
a. We anticipate no development effort for a commercial item. Milestone I/III will occur third quarter FY XX. Production Contract expected to be awarded 90 days after release of solicitation. First Article tests will use the first production unit. Total production is 125 units in 3 years.

b. We will make maximum use of contractor tests, test data, and certifications. A commercial warranty is included. Since the item will be used in essentially the same manner as in the commercial world, we will employ only limited operational testing and evaluation.



Here's an example of some of these topics covered in the program structure section. Notice the summary of the approach, the time frame presented, as well as the 'how much.' Test approach is covered in general terms.

Finally, summarize the contracting approach. Include the evaluation factors to be considered in a best value contracting approach.

Acquisition Program Baseline (APB)

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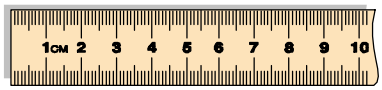
- **Contract between PM and MDA**
- **Documents performance, cost, schedule thresholds**
- **Gives 'maneuver space' for PM to make tradeoffs without additional approval**
- **Drawn from Performance Specification, AS, funding profile**



APB

Performance-- Minimum critical characteristics that will satisfy the operational need

Schedule-- Achieve full operational capability no later than...

Cost-- Within my assigned budget.

Signed: X – PM

Signed: Y - MDA

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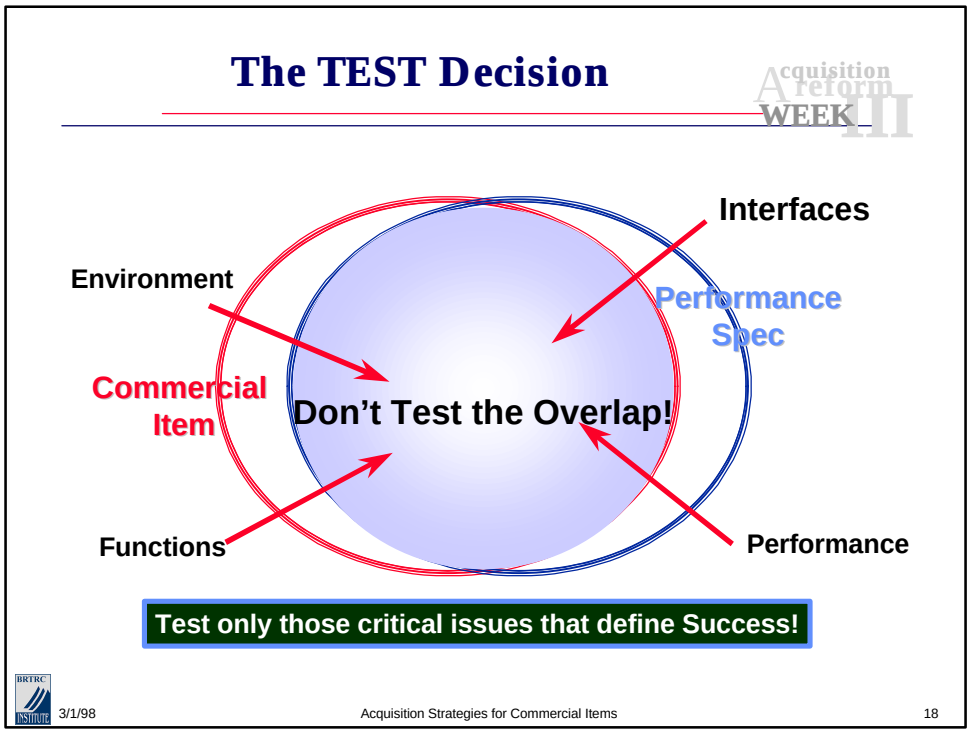
We've talked at length about the acquisition strategy. I'll just highlight some key points about the other important program documents.

The APB is an agreement between the PM and the Milestone Decision Authority. The APB documents the thresholds and objectives the PM is required to achieve. It empowers the PM to manage tradeoffs between cost-schedule-performance thresholds and objectives without getting further approvals.

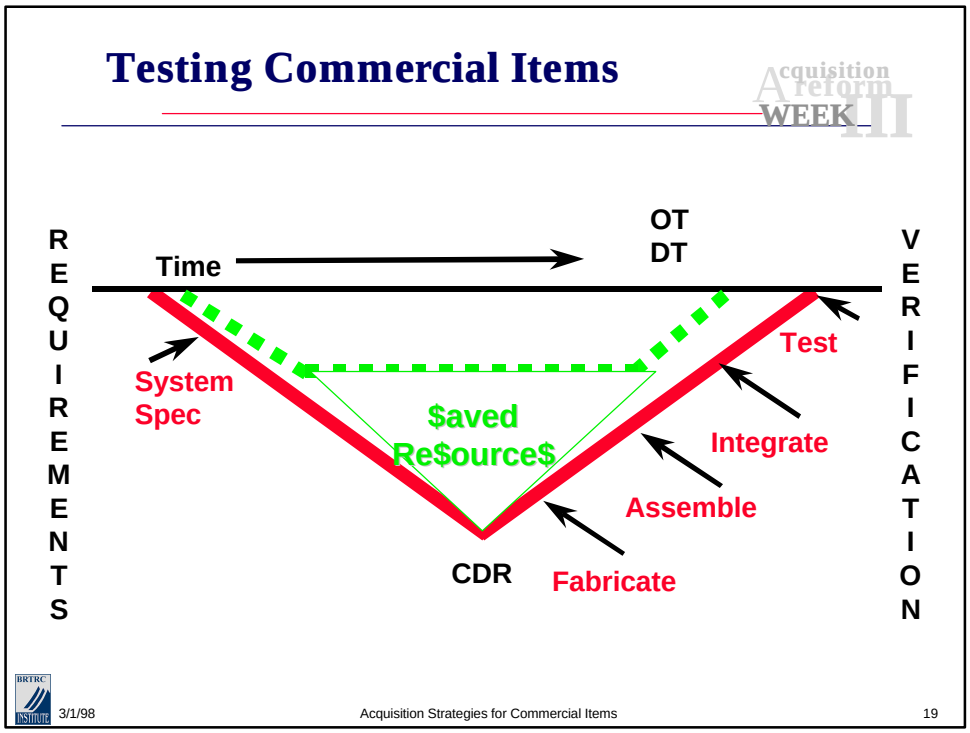


Contracts for commercial items shall rely on the contractor's existing quality assurance systems. This should substitute Government inspection and testing before the item is tendered for acceptance. However, in-process inspection may be applicable if this is a customary market practice for the item.

Any in-process inspection conducted by the Government shall be conducted in a manner consistent with commercial practices.

Make maximum use of contractor tests, data and certifications. If the item will be used in essentially the same manner as in the commercial world, the Agency should consider only limited [or no] developmental testing and evaluation.

If the Agency's contemplated environment for the item is similar to the commercial environment, OT should be very limited-- to just those ***differences that are considered critical to success.***



The last chart showed that, when a commercial item is selected, OT concentrates on the difference in environments. DT focuses on system requirements.

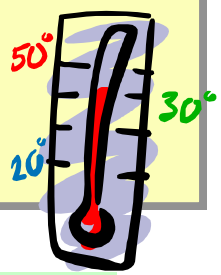
If the Agency's requirement is stated in terms of a ***systems specification***, then we should be able to by-pass most DT by relying on tests, data, and certifications provided by the contractor. The benefit to the Government is in terms of time [and other resources] saved.

The Abbreviated TEMP

Acquisition Reform WEEK III

Analyze:

- What key issues define success?
- Determine if to evaluate, how to evaluate in least obtrusive manner
  - Take advantage of contractor testing
  - Require Contractor certifications
  - Evaluate customary warranty
- Is additional info required?



Then Write:

- Key success indicators and strategy to evaluate
- Assign responsibility

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The Abbreviated-TEMP is our way of capturing the test requirements for a commercial item. With a well-written performance specification and acquisition strategy, the A-TEMP can be very slim compared to past T&E plans.

Remember, the DoD 5000 series *only* dictates the TEMP requirement and format for major programs--non-majors are encouraged/ challenged to tailor everything.

- Identify those few key parameters that define success for the program.

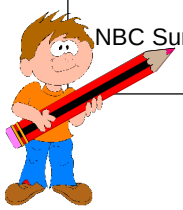
- Decide when they are best tested, and who should do the testing. Sometimes the contractor can conduct all the T&E, and simply certify that the product meets the required performance. This would be especially true in a commercial buy. Other times the contractor can test with either government participation or observation.

- Finally, there are still situations when it is appropriate for the government to conduct its own testing--though with smaller programs leveraging commercial technology, these will likely be rare.

- As with all the reform initiatives, think first as an IPT, *then* write.

An Abbreviated TEMP Template

Technical Parameter or Operational Issue	Critical to Success?	Risk	Risk Mitigation	Who Tests
Paint protection against corrosion	No	Low	Commercial warranty	Don't
Produces diesel from mixed sources	Yes	Low	Commercial practice	Kr or Team
NBC Survivable	Yes	High	None	Gov't



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Here's a template and an example of how it works.

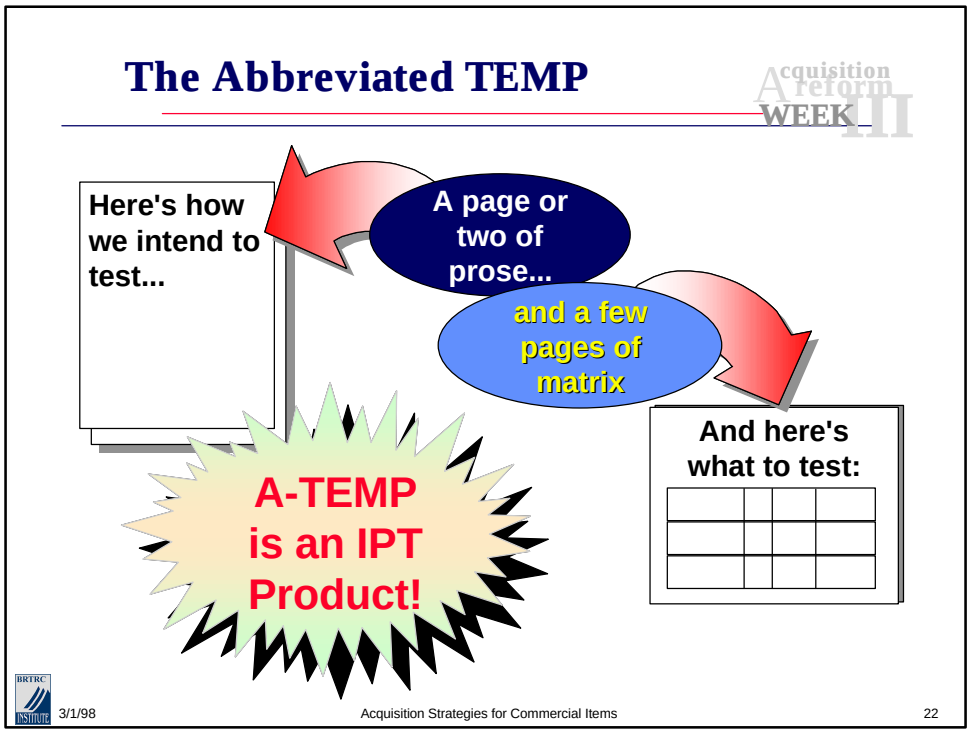
List the various performance requirements for the program. We define 'normal business risk' as 'low,' because we don't try to eliminate all risk.

We should not consider testing when any of the following situations applies: the issue is not truly critical, the risk is low, test cost is high compared to program cost, the cost of not meeting the issue is low.

Under any of the above circumstances we should consider either not testing or relying totally on contractor testing, certifications or the commercial warranty.

Decide who should conduct any testing required and address risk mitigation factors.

Decide the criticality to the program's success, and the risk involved. In cases where the issue is critical, risk is high or there are no risk mitigating factors, then it may be appropriate to consider government testing.



A small program with a well-written performance specification and a commercial product should have a very slender A-TEMP.

The A-TEMP, like all program documentation, must be an IPT product.

The A-TEMP describes the testing approach, lists the various issues, who will test them, and when they will be tested. But the A-TEMP is a document outside the contract. As such, it must not **duplicate the contractor's tests** or information requirements identified in the SOW. Further, the A-TEMP must not present the contractor with T&E requirements which have not already been stated in the SOW.

This concludes the presentation on Program Documentation…let's look at a brief exercise to see how the templates help an IPT outline the acquisition strategy document.

Acquisition Strategy Exercise

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Given selected program information:

- Key User Requirements
- Market Info
- Commerciality Considerations
- Program Schedule

Use the AS Template to Outline the BRUT Acquisition Strategy

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You will be given some information about a fictional non-major program. Use the templates provided to help structure an acquisition strategy for the program.

Afterwards, a set of completed templates will be handed out together with the complementary acquisition strategy written in the suggested format.

Discussion/ Exercise Tasks

Acquisition Strategies for Commercial Items

Commercial Item Acquisition Strategies Exercise

Situation

This exercise is based on a fictional non-major system. The system is named 'BRUT,' an acronym which stands for Bulk Recycler, Universal, Transportable. The concept behind BRUT is to provide small units in remote locations with the ability to produce their own fuel and oil on-site. This will save resources by avoiding expensive airlift or slow ground transport of large quantities of fuel to those areas where crude oil, used, or new fuel of poor quality may be available. BRUT will be used primarily during operations other than war, such as disaster relief, training, or peacekeeping.

DOD wants 60 BRUT systems, and will support them with lifetime contractor logistics support. The BRUT integrated product team (IPT) developed a performance specification. Initial market research indicated several manufacturers produce small commercial recyclers that are used in environments similar to the military's operations other than war scenario. With minor modifications, one of these may meet user needs.

You are a member of the BRUT IPT, and it is mid-1998. Today's task is to capture on paper the acquisition strategy that has been developing. Some questions still remain to be answered, but the general approach will be to buy a modified commercial item, conduct minimal government testing--only those key requirements that differ in military use from commercial use.

As you ease your car up the ramp into morning traffic, you reflect on the work the BRUT IPT has accomplished in the last few months. It's been difficult at times, but the IPT has really come together.

Market Research was a valuable learning experience for everyone. The IPT charter urged the team to move forward with all possible speed, but the team felt that time spent here would pay dividends later. The IPT members didn't simply look through catalogs and read industry literature; an RFI was issued and several contractors were visited; two even loaned the IPT their current commercial model for non-destructive testing and evaluation during an abbreviated operational assessment (AOA).

None of the commercial items fully meets user needs because there has been little commercial interest in producing all of the recycled petroleum products the military needs. But there are several companies with systems that can be modified with relative ease. The existing recyclers perform well in a variety of environments, and commercial customers are satisfied with performance, reliability, and contractor support. The user understands they are trading off some performance to meet commercial capabilities—and keep BRUT viable, but are supportive of leveraging the commercial marketplace as much as possible.

The user's bottom line is: 'Get a reliable recycler that makes the products we need. Buy 60 of them cost-effectively, and field it as quickly as you can. We need initial operating capability established no later than the end of the first quarter of FY 2000 to meet budget constraints.' A tall order, but the IPT is committed to doing just that.

Today's IPT meeting will draft the actual Acquisition Strategy document. The PM was called to Washington, but has typically relied on the IPT's recommendations.

The IPT host provided a copy of the AS template to the IPT members. The template identifies each Acquisition Strategy section, issues to consider, and the program document(s) where information concerning the issues may be found. The template includes spaces to fill out in bullet form IPT notes with important information to include in the Acquisition Strategy document. These bullets will serve as an outline for the acquisition strategy.

Notes for the first block "What" were completed as an example, and a pictorial layout of the BRUT program schedule was provided.

Requirement.

On the template, fill in the IPT Notes, in bullet form, of key information that should be included in the acquisition strategy. This should include highlights that other members of the IPT would need, as well as information that should be provided to the decision authority to make a sound program decision.

Issue	Comes From:	Acquisition Strategy Section	IPT Notes
WHAT.			
Describe operational need the item will fill. Summarize general program approach. • Maximize use of commercial products, processes at all levels--system through component • All key performance requirements included in spec, with methods to determine compliance	• Requirement Document • Performance Spec • Market Research/ Commerciality Determination	Program Summary.	*BRUT to provide usable POL for small units from both crude and waste oil sources* *Priority: Operations other than war, then low intensity conflict*

Legend: **AS** = Acquisition Strategy **APB** = Acquisition Program Baseline **TEMP** = Test & Evaluation Master Plan
FAR/DFARS = Federal Acquisition Regulation/DOD FAR Supplement

Issue	Comes From:	Acquisition Strategy Section	IPT Notes
WHEN.			
Schedule. Include development time, testing, training, required fielding dates, expected life of item once fielded, length of any anticipated CLS. • Trade off desired performance to use available commercial items when time or cost are critical constraints • Put unmet user needs back into tech base for later upgrade	• Requirements Document/ User Input • Market Research Results • IPT Input	<u>Program Structure.</u> Aattach pictorial schedule showing key program events. IPT notes should capture key event/thoughts that the MDA should concentrate on. *[See the attached BRUT schedule at end of the templates]*	

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Issue	Comes From:	Acquisition Strategy Section	IPT Notes
WHO.			
Sources. Assess possible sources' impacts on cost, performance, schedule risks and resulting risk management approach. • Best sources may not always propose. Assess methods to encourage contractor interest in proposing. • Tailor approach to likely sources. Quality sources with experience & good past performance require less oversight.	• Operational Requirements Document • Market Research Results • Commerciality Determination	Program Structure. Ž Buy Commercial *or* Design: □ Kr □ Gov't Develop: □ Kr □ Gov't Test: □ Kr □ Gov't Maintain: □ CLS □ ICS □ Gov't	

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Issue	Comes From:	Acquisition Strategy Section	IPT Notes
HOW.			
Risk Management. Determine and analyze risk areas. Describe strategy to track and mitigate key risk drivers. • Tailor risk management to likely sources. • Past performance is a key risk reduction measure • IPTs and partnering reduce risk by raising issues early for team resolution	• Market Research Results	Program Structure.	

Legend: **AS** = Acquisition Strategy **APB** = Acquisition Program Baseline **TEMP** = Test & Evaluation Master Plan
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c **Issue**	**Comes From:**	**Acquisition Strategy Section**	**IPT Notes**
Test and Evaluation. Integrate T&E into program to ensure item meets need and to provide sufficient info for MDA decisions • Combine government-contractor T&E, contractor certifications and warranties to eliminate unnecessary or redundant testing. • Government tests only critical performance issues that define program success • Test to degree of certainty MDA needs for sound decision.	• Performance specification • Market Research Results	Program Structure.	

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Issue	Comes From:	Acquisition Strategy Section	IPT Notes
Contract Approach. For current and subsequent program phases. Consider competition, component breakout • Use of good performance spec increases competition • Integrate component breakout decision in early program planning • Limit evaluation factors to key discriminators; include cost & past performance always	• Requirement Document • Commerciality Determination • FAR	Contracting Strategy: □ Best Value □ Low Bid □ Competitive □ Sole Source □ Cost □ Fixed Price	
HOW MUCH.			
Quantities required. Include items required/ anticipated for R&D, T&E, LRIP, and production	• Requirements Document	Program Structure. ____ Development Items or Prototypes ____ Total Items ____ Years of Support	

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FAR/DFARS = Federal Acquisition Regulation/DOD FAR Supplement

BRUT PROGRAM STRUCTURE AND PROPOSED SCHEDULE

Fiscal Year	1998	1999	2000	2001	2002
MILESTONE DECISION REVIEWS		Δ I/III			
SOLICITATION RELEASE		Δ			
CONTRACT AWARD/EVENT		Δ PROD			
DELIVERIES			Production (60)		
DEVELOPMENTAL/ OPERATIONAL T&E	Mkt Research AOA	FAT			
OTHER MILESTONES			Δ FUE Δ IOC	CLS (5 YEARS)	
BUDGET		RDT&E	PROD		

ABBREVIATIONS:

AOA Abbreviated Operational Assessment FAT First Article Test PPQ Pre-Production Qualification

PROD Production IOC Initial Operational Capability FUE First Unit Equipped

Legend: **AS** = Acquisition Strategy **APB** = Acquisition Program Baseline **TEMP** = Test & Evaluation Master Plan
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acquisition reform Week III

Solutions

Acquisition Strategies for Commercial Items

Solution: Acquisition Strategy Templates, Completed

Issue	Comes From:	Acquisition Strategy Section	IPT Notes
WHAT.			
Describe operational need the item will fill. Summarize general program approach. • Maximize use of commercial products, processes at all levels--system thru component • All key performance requirements included in spec, with methods to determine compliance	• Requirement Document • Performance Spec • Market Research/ Commerciality Determination	Program Summary.	BRUT to provide usable POL products for small units from both crude and waste oil sources Priority: Operations other than war, then low intensity conflict
WHEN.			
Schedule. Include development time, testing, training, required fielding dates, expected life of item once fielded, length of any anticipated CLS, expected demil • Trade off desired performance to use available commercial items when time or cost are critical constraints • Put unmet user needs back into tech base for later upgrade	• Requirements Document/ User Input • Market Research Results • IPT Input •	Program Structure. Attach pictorial schedule showing key program events.	Combined Milestone I/III production decision First Quarter FY 99. 2nd Quarter FY 99 production contract award FUE projected for First Quarter FY 00. CLS beginning with FUE; 5 years funded

Issue	Comes From:	Acquisition Strategy Section	IPT Notes
WHO			
Sources. Assess possible sources' impacts on cost, performance, schedule risks and resulting risk management approach. • Best sources may not always propose. Assess methods to encourage contractor interest in proposing. • Tailor approach to likely sources. Quality sources with experience & good past performance require less oversight.	• Operational Requirements Document • Market Research Results • Commerciality Determination	Program Structure. Ž Buy Commercial *or* Design: ☑ Kr □ Gov't Develop: ☑ Kr □ Gov't Test: ☑ Kr ☑ Gov't Maintain: ☑ CLS □ ICS □ Gov't	Several contractors available with good commercial past performance Commercial items require modification to fully meet user need Sources interested in opening new military market
HOW.			
Risk Management. Determine and analyze risk areas. Describe strategy to track and abate key risk drivers. • Tailor risk management to likely sources. • Past performance is a key risk reduction measure • IPTs and partnering reduce risk by raising issues early for team resolution	• Market Research Results	Program Structure.	Use of commercially available items and best value contracting approach for selecting source are major technical and cost risk reduction factors

Issue	Comes From:	Acquisition Strategy Section	IPT Notes
Test and Evaluation. Integrate T&E into program to ensure item meets need and to provide sufficient info for MDA decisions • Combine government-contractor T&E, contractor certifications and warranties to eliminate unnecessary or redundant testing. • Government tests only key performance issues that define program success • Test to degree of certainty MDA needs for sound decision.	• Performance specification • Market Research Results	Program Structure.	Max use of contractor testing and test data Government participation in test where necessary. Contractor to provide integrated test plan as part of solicitation
Contract Approach. For current and subsequent program phases. Consider competition, component breakout • Use of good performance spec increases competition • Integrate component breakout decision in early program planning • Limit evaluation factors to key discriminators; include cost & past performance always	• Requirement Document • Commerciality Determination • FAR	Contracting Strategy: ☑ Best Value ☐ Low Bid ☑ Competitive ☐ Sole Source ☐ Cost ☑ Fixed Price	Based on technical approach, price, logistical supportability, and past performance factors. Single production contract awarded to include CLS requirement
HOW MUCH.			
Quantities required. Include items required/ anticipated for R&D, T&E, LRIP, and production	• Requirements Document	Program Structure.	60 Production Items 5 Years of CLS

Streamlining Document Preparation

The template bullets are subsequently fleshed out into the actual acquisition strategy document itself. It should be concise enough for all members of the acquisition team to read, yet provide sufficient detail to keep everyone on track. An example for BRUT might look like this:

BRUT Acquisition Strategy

1. Program Summary

a. The Bulk Recycler, Universal, Transportable (BRUT) is a Department of Defense effort to meet fuel and lubrication requirements for small units and detachments engaged in operations other than war or low intensity conflict in areas remote from normal support assets by recycling/refining a broad range of petroleum sources. Local petroleum supplies are often unacceptable in these contingencies, and petroleum resupply is resource-intensive. BRUT will be used primarily during contingency operations such as disaster relief, nation building, and peace keeping. A Mission Needs Statement was approved 1 April 96.

b. There are no existing military petroleum recyclers. There are many commercial recyclers, but most require fixed sites or heavy vehicles and material handling equipment not available to small units. Several manufacturers produce small commercial recyclers that, with modification, may meet user needs.

2. Program Structure. A graphic portrayal of program structure is at page 7.

a. Market investigation indicates commercially available petroleum recyclers require minor modification and/or technology evolution to satisfy this need. Several commercial sources are capable of supplying the BRUT and are expected to compete for production. An abbreviated solicitation effort is planned to select and modify a commercial recycler. A Milestone I/III IPR is anticipated for First Quarter FY99.

b. The strategy to produce the BRUT by modifying commercially available recyclers is preferable to returning the requirement to the tech base. Existing commercial units meet user requirements in all categories except NBC issues and personnel requirements. Full development would require six to eight years with no substantial improvement in capability.

c. The use of commercially available technology and a best value approach for selecting a source are the major technical and cost risk reduction factors for this compressed effort. Commercial user manuals will be used. BRUT will be supported by Contractor Logistics Support (CLS) to perform DS and depot level maintenance.

d. The system performance specification will be used to support a Second Quarter FY00 award of a Production contract for 60 production BRUTs. First Article Testing will be conducted with the first production article.

e. Upon achieving the approved baseline thresholds, full rate production will continue without a formal decision review. MDA will issue an acquisition decision memorandum (ADM)/production approval immediately upon notification that performance thresholds have been achieved.

f. Contractor logistics support and commercial warranty will be used for maintenance above operator level, and for supply. Commercial operator and maintenance publications will be provided by the contractor in accordance with standard industry practice.

3. Contracting Strategy. Full and open competition will be used for this procurement. Effective technical and price competition is expected to keep cost risk low. Overall technical risk is also estimated to be low because of the variety of petroleum recycling units available commercially which potentially meet BRUT

requirements. One award will be made for the entire production requirement and for CLS for five years following FUE.

a. The production contract will be competitively awarded on a best value basis. Technical approach, price, logistical supportability and past performance will be the principal areas evaluated.

b. Production will be funded during FY99 thru FY01. Production begins in 4th QTR FY99 at a rate of 2.5 units per month until 60 systems are produced (end 3rd QTR FY01).

5. Short Term Issues and Major Tradeoffs. There are no known issues or tradeoffs to be addressed at Milestone I/III.